

12 JUL 1976

MEMORANDUM FOR: Deputy Director for Administration

FROM : Thomas B. Yale
Director of Finance

SUBJECT : CIA Relationship with GAO

REFERENCE : Memorandum for IG, GC, DDI, DDA; Subject:
Analysis of Existing and Proposed GAO
Authorities to Audit the CIA, dated
13 June 1976 (OLC 76-1649)

1. It is our opinion that the Final Report of the Agency Task Force Review of GAO Audit Options, dated 12 January 1976, is germane to the current situation and furnishes the basic guidelines which are needed for negotiations with GAO as contemplated in reference. We presume that it may no longer be propitious to seek to limit a GAO relationship to a Systems Audit as contemplated by paragraph 1b. of the Recommendations in that Report. In that context the negotiations should in our view be guided by the principles enumerated in paragraphs 1a. and 1c. of the Recommendations. The final recommendation of that Report contemplated establishment of a Senior Panel comprised of the Inspector General as Chairman and the Associate Deputy Directors to implement and administer any arrangement for resumption of GAO audit of Agency activities.

2. We have provided Legislative Counsel with copies of the 12 January 1976 Report cited above to substitute for the 5 December 1975 version which was attached to the earlier OLC memo of 13 June 1976 (OLC 76-1649). That earlier version as you will recall was revised after incorporating Mr. Colby's comments.

3. Consistent with the intent of the 12 January 1976 Report, it is our thought that the suggested Senior Panel should be established and convened as a forum for identifying the actions to be taken in meeting Mr. Knoche's commitment to Senator Inouye respecting the GAO audit matter. It would appear from the Senator's request that the Oversight Committee would expect to review the proposed guidelines for renewal of a GAO relationship before they are implemented.

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